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OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

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SENATE  
P. S. R. No. 255

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION  
COMMENDING THE DEPARTMENT OF FINANCE FOR ISSUING  
PROACTIVE REVENUE REGULATIONS IN COMPLIANCE WITH THE  
COUNTRY'S COMMITMENT TO IMPLEMENT INTERNATIONALLY ACCEPTED  
TAX STANDARDS

WHEREAS, Republic Act No. 10021 also known as the Exchange of Information on Tax Matters Act of 2009, provides that the government shall comply with or commit to the internationally-agreed tax standards required for the exchange of tax information with its tax treaty partners to help combat international tax evasion and avoidance, and to help address tax concerns that affect international trade and investment;

WHEREAS, the same Act mandates the government to adopt measures and procedures to enhance cooperation with other countries in the efficient collection of taxes, consistent with the international understanding to ensure the payment of taxes due the respective taxing jurisdictions of the treaty partners;

WHEREAS, according to a *Manila Bulletin* article, the Organization for Economic Cooperation and Development (OECD) removed the Philippines from its list of tax havens, leaving just 11 grey list jurisdictions that have not implemented internationally accepted tax standards;

WHEREAS, last 2 April 2009, the Philippines had previously been on the "grey list" of territories that had committed to internationally accepted tax standards but had not yet fully implemented them;

WHEREAS, this improvement resulted from the issuance by the Department of Finance of Revenue Regulations (RR) 10-2010, which will be used to implement RA 10021; the Revenue Regulations expounded on the provisions of the Act giving the Bureau of Internal Revenue (BIR) commissioner the authority to look into bank deposits upon the request of a foreign tax authority;

WHEREAS, the Philippines has a network of more than 30 treaties that provide for exchange of information in tax matters, but domestic legal restrictions prevented our tax authorities from obtaining and exchanging certain types of information;

WHEREAS, these legal restrictions have been addressed by the new law, thus enabling many of our existing treaties to meet international standards;

WHEREAS, the internationally agreed tax standard, which was developed by the OECD in cooperation with non-OECD countries, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law, without regard to a domestic tax interest requirement or bank secrecy for tax purposes;

WHEREAS, these tax standards also provide for extensive safeguards to protect the confidentiality of the exchanged information;

WHEREAS, based on the records of the National Statistics Office (NSO), there are 39 million people in the labor force as of July 2010, but only five million people file their income tax returns; this is a major factor in the chronic budget deficits and poor delivery of basic services;

WHEREAS, due to the efficiency of information exchange, the Philippines can now request information on bank accounts abroad from other countries; this can be fully utilized to help the Bureau of Internal Revenue prosecute the tax evaders;

WHEREAS, it is an established fact that tax evasion threatens government revenues throughout the world, translates into fewer resources for infrastructure and, affects the standard of living for all in both developed and developing economies;

WHEREAS, the increase in cross-border flows that come with a global financial system require more effective tax cooperation; also, better transparency and information exchange for tax purposes are key to ensuring that taxpayers have no place to hide their income and assets and that they pay the right amount of tax in the right place;

WHEREFORE, be it hereby resolved by the Philippine Senate, to commend the Department of Finance for issuing proactive revenue regulations in compliance with the country's commitment to implement internationally accepted tax standards.

Adopted,

acc.   
MIRIAM DEFENSOR SANTIAGO

/dpm